

MCKINLEY TOWNSHIP
(Emmet)
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDING

MARCH 31, 2004

24-1100

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name McKinley Township	County Emmet
Audit Date March 31, 2004	Opinion Date July 29, 2004	Date Accountant Report Submitted to State: August 4, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

AUG - 6 2004

LOCAL AUDIT & FINANCE DIV.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	x		
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			x
			x

Certified Public Accountant (Firm Name) Daniel R. Nieland, C.P.A.			
Street Address 201 South Main Street		City Cheboygan	State MI
Accountant Signature <i>Daniel R. Nieland</i> CPA		ZIP 49721	Date 8-2-04

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DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Township Board
McKinley Township
Emmet County
Levering, Michigan

I have audited the accompanying financial statements of McKinley Township of Emmet County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the McKinley Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as, evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McKinley Township, as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 29, 2004, on our consideration of the Township of McKinley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an internal part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

My audit was made for the purpose of forming an opinion in the financial statements taken as a whole. The accompanying financial information listed as combining and individual fund financial data in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements of McKinley Township. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken a whole.


CERTIFIED PUBLIC ACCOUNTANT

GENERAL PURPOSE FINANCIAL STATEMENTS

MCKINLEY TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>ASSETS</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
ASSETS:				
Cash	\$110,198	\$151,929	\$	\$262,127
Certificates of Dep.	10,809			10,809
Taxes Receivable	4,014			4,014
Fixed Assets			50,415	50,415
TOTAL ASSETS	<u>\$125,021</u>	<u>\$151,929</u>	<u>\$ 50,415</u>	<u>\$327,365</u>
	<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:				
Accounts Payable	\$ 370	\$	\$	\$ 370
Payroll Taxes Pay.	610			610
TOTAL LIABILITIES	980	-0-	-0-	980
FUND EQUITY:				
Investment In General				
Fixed Assets			50,415	50,415
Fund Balance:				
Unreserved:				
Undesignated	<u>124,041</u>	<u>151,929</u>		<u>275,970</u>
TOTAL FUND EQUITY AND LIABILITIES	<u>\$125,021</u>	<u>\$151,929</u>	<u>\$ 50,415</u>	<u>\$327,365</u>

See notes to the financial statements.

MCKINLEY TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED MARCH 31, 2004

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
REVENUES:			
Taxes	\$ 31,106	\$	\$ 31,106
State Shared Revenue	45,452	435	45,887
Charges for Services	4,671		4,671
Interest	<u>1,121</u>	<u>1,748</u>	<u>2,869</u>
Total Revenues	82,350	2,183	84,533
EXPENDITURES:			
Legislative	5,136		5,136
General Services Administration	34,316		34,316
Public Safety	10,615	421	11,036
Public Works	5,941		5,941
Parks and Recreation	286		286
Other	<u>4,691</u>		<u>4,691</u>
Total Expenditures	<u>60,985</u>	<u>421</u>	<u>61,406</u>
EXCESS OF REVENUES OVER EXPENDITURES	21,365	1,762	23,127
OTHER SOURCES (USES):			
Transfer To Other Funds	(24,000)		(24,000)
Transfer From Other Funds		<u>24,000</u>	<u>24,000</u>
Total Other Sources	<u>(24,000)</u>	<u>24,000</u>	<u>-0-</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER (USES)	(2,635)	25,762	23,127
FUND BALANCE - BEGINNING OF YEAR	<u>126,676</u>	<u>126,167</u>	<u>252,843</u>
FUND BALANCE - END OF YEAR	<u>\$124,041</u>	<u>\$151,929</u>	<u>\$275,970</u>

See notes to the financial statements.

MCKINLEY TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED MARCH 31, 2004

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ 29,500	\$ 31,106	\$ 1,606	\$	\$	\$
State Shared Revenue	44,000	45,452	1,452	1,100	435	(665)
Charges for Services	2,500	4,671	2,171			
Interest	3,500	1,121	(2,379)	1,500	1,748	248
Total Revenues	79,500	82,350	2,850	2,600	2,183	417
EXPENDITURES:						
Legislative	29,920	5,136	24,784			
General Government	36,025	34,316	1,709			
Public Safety	13,700	10,615	3,085	1,200	421	779
Public Works	6,500	5,941	559			
Parks and Recreation	2,000	286	1,714			
Other	5,400	4,691	709			
Total Expenditures	93,545	60,985	32,560	1,200	421	779
EXCESS OF REVENUES OVER EXPENDITURES	(14,045)	21,365	35,410	1,400	1,762	(362)
OTHER SOURCES (USES):						
Transfer To Other Funds	(24,000)	(24,000)				
Transfer From Other Funds				24,000	24,000	
Total Other Sources (Uses)	(24,000)	(24,000)	-0-	24,000	24,000	-0-
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER SOURCES (USES)	<u>\$(38,045)</u>	(2,635)	<u>\$ 35,410</u>	<u>\$ 25,400</u>	25,762	<u>\$ (362)</u>
FUND BALANCE - BEGINNING OF YEAR		126,676			126,167	
FUND BALANCE - END OF YEAR		<u>\$124,041</u>			<u>\$151,929</u>	

See notes to the financial statements.

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MCKINLEY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE A - FINANCIAL REPORTING ENTITY

For financial reporting purposes, in conformance with NCGA Statement 3, the Township includes all funds, account groups, and authorities that are controlled by or dependent on the Township's executive or legislative branches (the Township Board). Control by or dependence on the Township was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligations of the Township to finance any deficits that may occur, or receipt of significant subsidies from the Township.

Based on the foregoing criteria, no other organizations have been included in the Township's financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of McKinley Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of significant policies:

Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds and account groups included in the financial statements in this report, are described as follows:

GOVERNMENTAL FUNDS:

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

FIDUCIARY FUNDS:

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

MCKINLEY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

ACCOUNT GROUPS:

General Fixed Assets Account Group

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures and capitalized at cost in the General Fixed Assets Group of Accounts. No depreciation has been provided on general fixed assets.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related liability is incurred. Agency Fund assets and liabilities are accounted for on the modified accrual basis.

Fixed Assets

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances are considered a measure of "available spendable resources". Governmental fund operating statements present increases and decreases in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Vacation and Sick Leave

There is no accumulated vacation or sick leave to be recognized.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

MCKINLEY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting

An operating budget is adopted each calendar year for all governmental fund types on the same modified accrual basis used to reflect actual revenues and expenditures. Reported budgeted amounts are as originally adopted or as amended by the Township Board. The Township does not utilize a formal encumbrance system.

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Property Taxes

Property taxes are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County tax rolls.

The tax calendar applicable to the tax collection shown in the Current Tax Collection Fund are as follows:

Assessed	December 31, 2002
Billed	December 1, 2003
Due	February 14, 2004
Added to County Rolls	February 28, 2004

Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to the beginning of the fiscal year, the Clerk submits to the Township Board a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Township to obtain taxpayer comments.
3. Prior to the beginning of the fiscal year, the budget is legally enacted through acceptance by the Board.
4. The Township Board periodically reviews expenditures and compares to budget in compliance with P.A. 621 of 1978. Budget amendments are approved as necessary.
5. The Township is in substantial compliance with P.A. 621 of 1978.

MCKINLEY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE C - PROPERTY AND EQUIPMENT - GENERAL FIXED ASSETS

	Balance 4-01-03	Additions	Balance 3-31-04
Land and Land Improvements	\$ 5,843	\$	\$ 5,843
Buildings and Building Improvements	1,263		1,263
Equipment	16,841	600	17,441
Office Equipment and Furniture	<u>25,868</u>		<u>25,868</u>
Investment In General Fixed Assets	<u>\$ 49,815</u>	<u>\$ 600</u>	<u>\$ 50,415</u>

NOTE D - COMPARATIVE DATA

Comparative data from March 31, 2003, has not been presented because that period has not been audited. Presentation of unaudited comparative data along with current audited financial statements could be misleading to the reader of these statements.

NOTE E - COMMON CASH ACCOUNTS AND SHORT-TERM INVESTMENTS

Cash accounts consist of the following:

	General	Liquor Law Enforcement	Road Fund	Township Improvements	Total
Common Cash-Checking	\$ 4,105	\$ 1,061	\$	\$	\$ 5,166
Savings	106,093		95,617	11,362	213,072
Certificate of Deposit	<u>10,809</u>			<u>43,889</u>	<u>54,698</u>
	<u>\$121,007</u>	<u>\$ 1,061</u>	<u>\$ 95,617</u>	<u>\$ 55,251</u>	<u>\$272,936</u>

These deposits and interest payment accounts are with one financial institution. All accounts are in the name of the Township. Interest is recorded when deposits mature or is credited to the applicable account.

Michigan Compiled Law Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the government National Mortgage Association; United States government or Federal Agency obligation repurchase agreements bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature no more than 270 days after the date of purchase, and which

MCKINLEY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE E - COMMON CASH ACCOUNTS AND SHORT-TERM INVESTMENTS (CONTINUED)
involved no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in the financial institutions located in states other than Michigan.

The Township deposits are in accordance with statutory authority. The Governmental Accounting Standards Board (GASB) Statement Number 3 risk disclosures of the Township's cash deposits are as follows:

<u>Deposit</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$154,697
Uninsured	<u>118,239</u>
Total Deposits	<u><u>\$272,936</u></u>

INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

MCKINLEY TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED REVENUES
YEAR ENDED MARCH 31, 2004

REVENUES:

 Taxes:

Current Property Tax	<u>\$ 31,106</u>	<u>\$ 31,106</u>
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 State Shared Revenues:

Income Tax, Sales, S.B.T.	<u>45,452</u>	<u>45,452</u>
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 Charges for Services:

Cemetery	700	
Other	<u>3,971</u>	<u>4,671</u>

Interest	<u>1,121</u>	<u>1,121</u>
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TOTAL REVENUES		<u><u>\$ 82,350</u></u>
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MCKINLEY TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
YEAR ENDED MARCH 31, 2004

EXPENDITURES:

Legislative:

Township Board:

Salaries	\$ 1,478	\$
Supplies	844	
Telephone	338	
Memberships and Dues	600	
Workshops	415	
Capital Outlay	<u>1,461</u>	

Total Legislative	<u>5,136</u>	5,136
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GENERAL GOVERNMENT:

Executive:

Supervisor:

Salary	<u>4,497</u>
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Total Executive	<u>4,497</u>
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Assessor:

Contracted Services	<u>14,413</u>
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Total Assessor	<u>14,413</u>
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Clerk:

Salary	5,000
Office Supplies	122
Travel	<u>148</u>

Total Clerk	<u>5,270</u>
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Treasurer:

Salary	5,497
Supplies	716
Tax Statement Preparation	<u>1,467</u>

Total Treasurer	<u>7,680</u>
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Board of Review:

Salaries	<u>478</u>
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Total Board of Review	<u>478</u>
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Election:

Printing & Publishing	<u>178</u>
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Total Election	<u>178</u>
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MCKINLEY TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
YEAR ENDED MARCH 31, 2004

EXPENDITURES: (CONTINUED)

General Government:

Salary	\$ 225	\$
Utilities	84	
Contracted Services	<u>1,491</u>	

Total Cemetery	<u>1,800</u>	
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Total General Government	<u>34,316</u>	34,316
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PUBLIC WORKS:

Fire Department:

Contracted Services	<u>10,615</u>	
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Total Public Safety	<u>10,615</u>	10,615
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PUBLIC WORKS:

Highways and Streets:

Street Lights	3,281	
Dust Control	<u>2,660</u>	

Total Public Works	<u>5,941</u>	5,941
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PARKS AND RECREATION:

Utilities	<u>286</u>	
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Total Parks and Recreation	<u>286</u>	286
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OTHER:

Insurance and Bonds	3,418	
Payroll Taxes	<u>1,273</u>	

Total Other	<u>4,691</u>	<u>4,691</u>
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TOTAL EXPENDITURES		<u><u>\$ 60,985</u></u>
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SPECIAL REVENUE

COMBINING STATEMENTS

LIQUOR LAW ENFORCEMENT

ROAD FUND

TOWNSHIP IMPROVEMENTS

MCKINLEY TOWNSHIP
COMBINING BALANCE SHEET - SPECIAL REVENUE
MARCH 31, 2004

	<u>ASSETS</u>			
	<u>Liquor Law Enforcement</u>	<u>Road Fund</u>	<u>Township Improvements</u>	<u>Total</u>
Cash	<u>\$ 1,061</u>	<u>\$ 95,617</u>	<u>\$ 55,251</u>	<u>\$151,929</u>
TOTAL ASSETS	<u>\$ 1,061</u>	<u>\$ 95,617</u>	<u>\$ 55,251</u>	<u>\$151,929</u>

	<u>LIABILITIES AND FUND BALANCE</u>			
Fund Balance	<u>\$ 1,061</u>	<u>\$ 95,617</u>	<u>\$ 55,251</u>	<u>\$151,929</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,061</u>	<u>\$ 95,617</u>	<u>\$ 55,251</u>	<u>\$151,929</u>

MCKINLEY TOWNSHIP
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE
 YEAR ENDED MARCH 31, 2004

	<u>Liquor Law Enforcement</u>	<u>Road Fund</u>	<u>Township Improvements</u>	<u>Total</u>
REVENUE:				
State Shared Revenue	\$ 435	\$	\$	\$ 435
Interest Income	<u> </u>	<u>914</u>	<u>834</u>	<u>1,748</u>
Total Income	435	914	834	2,183
EXPENDITURES:				
Public Safety:				
Salaries	<u>421</u>	<u> </u>	<u> </u>	<u>421</u>
Total Expenditures	<u>421</u>	<u>-0-</u>	<u>-0-</u>	<u>421</u>
Excess of Revenues Over Expenditures	14	914	834	1,762
Transfer From Other Funds	<u> </u>	<u>16,000</u>	<u>8,000</u>	<u>24,000</u>
Total Transfers	<u>-0-</u>	<u>16,000</u>	<u>8,000</u>	<u>24,000</u>
Excess of Revenues Over Expenditures After Transfers	14	16,914	8,834	25,762
FUND BALANCE - BEGINNING OF YEAR	<u>1,047</u>	<u>78,703</u>	<u>46,417</u>	<u>126,167</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,061</u>	<u>\$ 95,617</u>	<u>\$ 55,251</u>	<u>\$151,929</u>

See notes to the financial statements.

MCKINLEY TOWNSHIP
LIQUOR LAW ENFORCEMENT
BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash \$ 1,061

TOTAL ASSETS \$ 1,061

LIABILITIES AND FUND BALANCE

Fund Balance \$ 1,061

MCKINLEY TOWNSHIP
LIQUOR LAW ENFORCEMENT FUND
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004

REVENUE:	
State Shared Revenue	<u>\$ 435</u>
Total Revenue	435
EXPENDITURES:	
Public Safety:	
Salaries	<u>421</u>
Total Expenditures	<u>421</u>
Excess of Revenues Over Expenditures	14
FUND BALANCE - BEGINNING OF YEAR	<u>1,047</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,061</u></u>

MCKINLEY TOWNSHIP
ROAD FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash \$ 95,617

TOTAL ASSETS \$ 95,617

LIABILITIES AND FUND BALANCE

Fund Balance \$ 95,617

MCKINLEY TOWNSHIP
ROAD FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2004

REVENUE:	
Interest Income	<u>\$ 914</u>
Total Revenue	914
EXPENDITURES:	
Total Expenditures	<u>-0-</u>
Excess of Revenues Over Expenditures	914
TRANSFER FROM OTHER FUNDS	<u>16,000</u>
Total Transfers	<u>16,000</u>
Excess of Revenues Over Expenditures After Transfers	16,914
FUND BALANCE - BEGINNING OF YEAR	<u>78,703</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 95,617</u></u>

MCKINLEY TOWNSHIP
TOWNSHIP IMPROVEMENT FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

Assets	\$ 55,251
TOTAL ASSETS	<u>\$ 55,251</u>

LIABILITIES AND FUND BALANCE

Fund Balance	<u>\$ 55,251</u>
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MCKINLEY TOWNSHIP
TOWNSHIP IMPROVEMENTS FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004

REVENUE:	
Interest Income	<u>\$ 834</u>
Total Revenue	834
EXPENDITURES	<u>-0-</u>
Total Expenditures	-0-
Excess of Revenue Over Expenditures	834
Transfer From Other Funds	<u>8,000</u>
Total Transfers	<u>8,000</u>
Excess of Revenue Over Expenditures After Transfer	8,834
FUND BALANCE - BEGINNING OF YEAR	<u>46,417</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 55,251</u></u>

MCKINLEY TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX COLLECTION FUND
YEAR ENDED MARCH 31, 2004

	Balance March 31, <u>2003</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance March 31, <u>2004</u>
Cash	<u>\$300</u>	<u>\$563,100</u>	<u>\$542,432</u>	<u>\$ 20,968</u>
Refunds Or Overpayments	\$	\$ 1,298	\$ 1,298	\$
Due To Other Funds	300	23,527	22,177	1,650
Due To County		210,483	205,672	4,811
Due To Schools		234,437	224,085	10,352
Due To College		43,460	41,526	1,934
Due To Intermediate School District		<u>49,895</u>	<u>47,674</u>	<u>2,221</u>
	<u>\$300</u>	<u>\$563,100</u>	<u>\$542,432</u>	<u>\$ 20,968</u>

FIDUCIARY FUNDS

DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

201 SOUTH MAIN STREET
CHEBOYGAN, MICHIGAN 49721
(231) 627-4396
FAX: (231) 627-6594

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
AND
MICHIGAN ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS

July 29, 2004

Township Board
McKinley Township
Emmet County
Levering, Michigan 49755

Re: Comments and Recommendations

I have examined the general purpose financial statements of McKinley Township, Emmet County, for the year ended March 31, 2004, and have issued my report thereon dated July 29, 2004.

My examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities and Functions." Solely to assist me in planning and performing my examination, I made a study and evaluation of the internal accounting controls of McKinley Township. That study and evaluation was limited to a preliminary review of the system to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because I am not relying on the entity's internal accounting control procedures to restrict our substantive tests, my study and evaluation of the internal accounting controls did not extend beyond this preliminary review phase. Accordingly, I do not express an opinion on the system of internal accounting control taken as a whole. Also, my examination made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the system of internal accounting control. However, my examination disclosed no conditions that I believe to be a material weakness.

This report is intended solely for the use of management and should not be used for any other purpose.

1. For your next required audit, March 31, 2006; the Township is required to implement Governmental Accounting Standards Board Statement No. 34. There will be required changes to the basic financial statements; as well as, required management discussion and analysis. I will meet with Township officials to discuss these changes.

McKinley Township

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July 29, 2004

2. There were unfavorable budget variances in two revenue items: general fund interest and liquor fund state shared revenue. With declining interest environment, interest revenue should be budgeted according to anticipated yield. Liquor law revenue should be similar to the prior year not to exceed anticipated budget.
3. Overall, I found the conditions of the records to be in excellent condition. The Township's financial condition is solid.

I would like to thank the Clerk and Treasurer for their assistance during the audit. I look forward to working with them in the future.

Very Truly Yours,



Daniel R. Nieland, C.P.A.

DRN/jb